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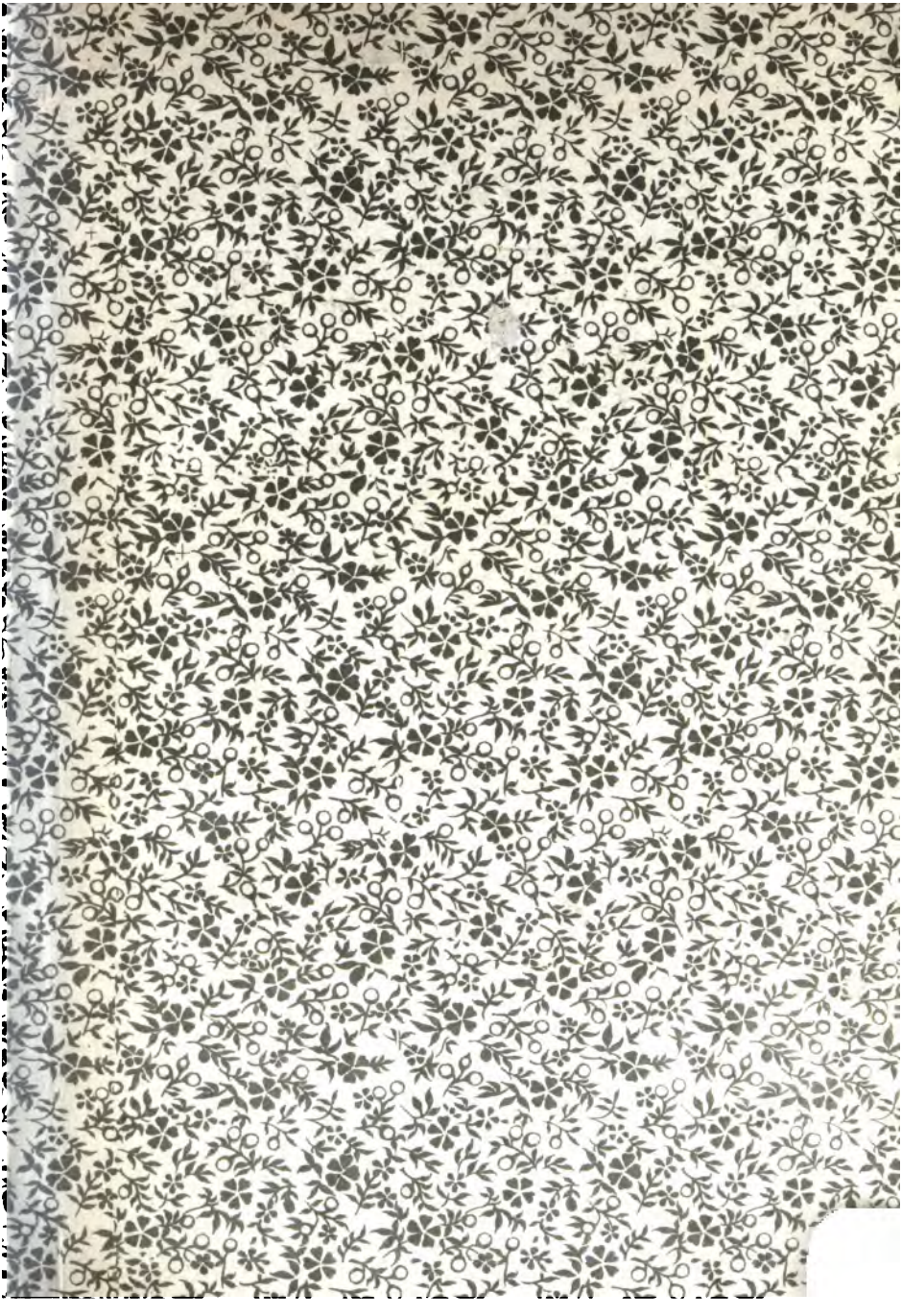

BY THE SAME AUTHOR.

THE

SILVER QUESTION:

AN ESSAY

ON THE

PROPOSED REMONETIZATION OF SILVER

IN THE

UNITED STATES.

READ AT THE GENERAL MEETING OF THE AMERICAN SOCIAL SCIENCE ASSOCIATION AT SARATOGA, SEPT. 6, 1876.

Octavo, sewed. For sale by G. P. PUTNAM'S SONS, SCRIBNER, ARMSTRONG & Co., New York, and JANSEN, MCCLURG & Co., Chicago. Price 30 cents.

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ECONOMIC MONOGRAPHS. No. III.

THE

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TARIFF QUESTION

AND

ITS RELATION

TO

THE PRESENT COMMERCIAL CRISIS

BY

HORACE WHITE

REPRINTED FROM "THE GALAXY" MAGAZINE FOR OCTOBER, 1877

NEW YORK
G. P. PUTNAM'S SONS
182 FIFTH AVENUE
1877.

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THE TARIFF QUESTION.

DISCUSSION of the tariff question should undoubtedly be predicated upon the commercial and industrial condition of our country, which we all know is that of depression, discouragement, and even dismay. During the past four years the catalogue of bankruptcy has been drawn out in long lines of disaster. The industries of the country were never, in the memory of this generation, so smitten with paralysis. Our iron and coal trades are at the last gasp, as regards profitable employment to the labor and capital invested in them. Railway defaults have multiplied beyond all precedent, and the stockholders of these corporations have been pinched as they never were before. Our lake and river and coastwise carrying trades are in no better plight. The same distress prevails in the woolen trade, the lumber trade, the building trades, and the lesser branches of manufacturing industry. There has been a gigantic revolt of laboring men in the Middle and Western States, accompanied by bloodshed, pillage, and incendiarism, and the tramp, who was known five years ago only as a phenomenon of distant lands, like the gypsy and the brigand, has become one of the

most dreaded institutions of the country. Real estate in cities and towns has fallen in price to such an extent that mortgages of five years' duration most commonly take the whole property and leave the mortgagor in debt. The invariable concomitant of this state of things is an extremely low rate of interest for money. One and a half and two per cent. has frequently been the highest rate obtainable on call loans in the city of New York, while mercantile paper has ranged considerably under six, and lately the spectacle was presented to us of a Government loan being effected in our own midst at four per cent. to the extent of $68,000,000, after a few days' advertising in the newspapers. Such a plethora and surplus of unused capital was never before dreamed of on this virgin continent, so called. Agriculture and the trades most closely connected with it, are perhaps receiving fair returns for the capital and skill invested in them. These, and sundry branches of the export trade, are the only features in the dark landscape of our industry upon which the eye rests with any satisfaction. All else is a weary and aching mass of unemployed or half employed capital, misdirected talent, and underpaid labor, to which commerce gives the generic name of glut. After two centuries and a half of continuous immigration from foreign lands, even that source of gain has failed us, and some hundreds of our own more enterprising artisans have migrated within a year to Australia and the British islands, in search of employment. The condition of things

abroad is akin to our own. The crisis which commenced in 1873, after a long period of reckless speculation and inflated prices, visited England, Germany, and the Austro-Hungarian empire with severe distress, and has finally gnawed its way into France. The latter country, fortified by the careful, hoarding, non-speculative habits of her people, seemed for a season to have escaped entirely from a tornado which ravaged the greater part of the commercial world. But with the gradual impoverishment of her customers she has been restricted to a narrower market for her products, and compelled to accept lower prices for the diminished quantity. Hence we hear complaints from nearly all parts of that usually prosperous land. Neither England nor Germany has given any considerable signs of a revival of trade, yet I judge from some personal observation, and from the statements of trade journals on both sides of the water, that whatever may be the nominal rate of wages there and here, there are more people out of employment in this country, who are willing to work, than in England and Germany added together. At all events, we have lost our distinction among nations as the country in which there is work and bread for all.

I.

LET us first take a brief survey of the commercial crisis in which we have been wallowing since 1873. Al-

though much has been written on the subject of commercial crises, and their history has been carefully collated by English, French, and German publicists, there is perhaps no department of political economy so obscure and so little understood. Why is it that for some years the whole commercial world is in a state of bounding prosperity, and then suddenly plunges into an abyss of bankruptcy, poverty, and distress, without any perceptible external cause? It is commonly supposed, and is maintained by some economists of note, that waste of capital, such as bad investments in railways, public improvements, wars, etc., are the responsible and true cause of the periodical collapse of trade and industry. These are, indeed, the usual forerunners and accompaniments of the commercial crisis, but they cannot be the cause. A country cannot invest more than its annual surplus in new railways, factories, mines, buildings, etc., nor can it spend more than its annual surplus in war. By annual surplus is meant that part of the annual production which remains after feeding, clothing, and maintaining all the inhabitants. True, something may be borrowed from abroad for such investments, but the borrowed portion is really an investment of the lending country. Commercial crises make no distinction between borrowing countries and lending countries. Indeed, they strike the lending countries oftenest, but they strike both impartially. I think it must be admitted as mathematically true that a country cannot possibly invest in fixed capital, such as new railways, or

waste in war, or in any manner whatsoever, more than it produces annually over and above its annual consumption. But if the country should deliberately sink its annual surplus in the sea, such a proceeding would have no tendency to bring on a crisis. It would merely leave the country at the end of the year where it was at the beginning. It would be neither richer nor poorer, nor would there be anything in the transaction to cause banks to suspend, and merchants to fail, and factories to close their doors. If, in addition to its own surplus, it should throw into the sea a stated amount of property borrowed from some other country, the case would be scarcely different. The lending country would lose what it had contributed, and so far as it had based its future business arrangements on a return of the property loaned, it would have planted the seeds of a commercial crisis in its own midst; but no such effect would be produced in the borrowing country, since no expectations could grow out of property deliberately destroyed, and no liabilities could be created upon it beyond the immediate and sole liability of the individual borrowers to the individual lenders. But if the absolute sinking and destruction of our surplus capital would have no tendency to bring on a crisis, *a fortiori* the more or less bad and unprofitable investment of such capital would not, taken by itself, produce such result.

But if badly invested capital or wasted and sunken capital is treated in the imaginations of men as having been well invested, as being saved and as available to

meet future engagements, so that debts are contracted upon the basis of what does not in fact exist, we have one of the principal ingredients of the modern commercial crisis. There have been crises of great severity in countries where there had been no loss of capital in the aggregate either by bad investments or by the waste of war, but merely a temporary craze pervading society, and causing people to put exaggerated and fanciful values upon things, and to make contracts payable in dollars or pounds sterling, with none but imaginary assets. The South Sea bubble, so called in England, the Mississippi bubble in France, and the tulip mania of Holland, were of this nature, consisting in a general agreement among people to consider things worth thousands of pounds, or francs, that were worth only hundreds, or nothing at all. Pounds and francs, however, are invariable quantities, and after the madness has run a certain course, and the variable quantities—the Mississippi stock, the South Sea stock, and the tulip bulbs—come to be soberly compared with the pounds and francs, bankruptcy and ruin stalk through the market places. False estimates of the worth of things, as measured by money, are part and parcel of commercial crises, so that we may safely set it down as one of the causes of our present condition, that for some years prior to 1873 we had been marking up our property of various kinds, and agreeing to pay dollars when we really had only half dollars to pay with. We had created a great many needless railways, and other per-

manent improvements, it is true, but the difficulty was not that we had built them, but that we considered them worth as many dollars as they cost, and had entered into obligations based upon that mistaken notion. The productive powers of the country were then and are now equal to the task of creating all those improvements, without diminishing the volume of circulating capital or draining its source of supply, and therefore without cramping trade.

What should have caused us to commence marking up prices during a long period prior to 1873 would be an interesting inquiry, but the only answer I can give here is that certain races of men, and particularly the Anglo-Saxon race, are extremely sanguine in the commercial sense, and much given to speculation and to doing business on credit. We know for a fact that they oscillate between periods of high prosperity and extreme depression with a sort of mechanical regularity. They seem to accumulate wealth very rapidly for a season, and then they find themselves entangled in debts which they cannot pay. The sponge of bankruptcy is slowly and painfully applied to the mercantile and manufacturing classes, and then, after more or less suffering, they take a new start for a fresh plunge. I do not think that either the tariff or the currency, vicious as they are, brought on the present crisis, because we have had similar crises when neither the tariff nor the currency was faulty; and other countries enjoying both free trade and metallic money, are now in substantially

the same plight as ourselves. These commercial phenomena must be studied inductively by finding what particular facts are common to them in all times and places. Tariffs and currencies are not common to them every where. Therefore all we can say is that a bad tariff and a bad currency probably aggravate a crisis when it comes, and may hasten its coming. We know that a good tariff and a good currency will not prevent its coming. It is small satisfaction to recall that the advocates of protection trumpeted the present tariff as the infallible preventive and patent medicine of panics and financial revulsions. Nobody has the hardihood to claim that the present crisis was brought on by the want of a tariff sufficiently high for the public needs. While the framers and friends of the present tariff, in so far as they claimed for it any virtue in warding off panics and crises, are convicted before the whole people of gross quackery, I do not charge upon them the responsibility of bringing us into our present misery; I shall endeavor to show, however, that the speediest, if not the only way out of it, is to abandon their policy, to strike off the shackles they have imposed upon commerce, to open the door, and give to the unparalleled resources and the unsurpassed skill of this country a fair chance in the markets of the world.

II.

THE next point to be considered is the reason, if we can discover it, why the present crisis holds on so long; why the depression deepens and increases instead of wearing itself out, as previous ones have done. It is now four years since pay day commenced, and since so vast a multitude were found unable to pay. The bankruptcy courts have been grinding six days in every week since September, 1873, and the grist is scarcely diminished in volume. Less than three years sufficed to clear away the wrecks of 1857, and to bring in a season of fair prosperity. The difference, I apprehend, consists in this, that in 1857 we still had a vast undeveloped country to employ our surplus capital and labor, and likewise a very considerable market for our manufactures abroad. At that time the Mississippi river was the western limit, not of settlement indeed, but of anything that could be called thorough cultivation and improvement, while east of that line there were great gaps in Illinois, Michigan, and Wisconsin, and lesser ones in Indiana, Ohio, and Pennsylvania to be filled up, and as the saying is, "developed," by population, by railways, and all the machinery of civilized life. Here and further westward was to be found remuneration for capital and labor, and both came in abundance as soon as the débris of 1857 was gotten out of the way. Since that time we have pushed settlement to the interior of Kansas and

Nebraska. Minnesota and Iowa have become populous States. Colorado has become a thrifty community. The continent has been opened by railways. California is, or claims to be, overcrowded with laborers. There are still many gaps to be filled, and perhaps the boundary from which agricultural products can be carried with profit to the seaboard has not been overpassed. But the conditions favorable to rapid recovery in 1857 no longer exist. Remuneration for capital and labor on our own soil no longer abounds in the full measure of former epochs, and although we cannot claim a dense population, it would seem to be as dense as we can find any present employment for. Expansion is one of the necessities of healthy trade, and is peculiarly the present necessity of American trade. And since it is not to be found in any sufficient measure on our own soil, we must look to the outer world for it.

When the question is asked, Why does not business revive? it is an adequate and perfectly scientific answer to say that our commerce is confined within limits too small for its healthy action. Those departments of industry which have access to foreign markets are fairly remunerative and prosperous. All others are endeavoring to find sustenance and support within the narrow confines of our own population, and are perishing like rats in a cage, where there is full liberty to increase and multiply, but where only a fixed quantity of corn is supplied each day. This figure of speech, so effectively used by Perronet Thompson in the time of the Anti-

Corn Law League, is well descriptive of the condition of American manufacturing industry to-day under the fostering care of the protectionists. Mr. Edward Atkinson has shown, in an admirable series of papers, how the tariff has operated to cripple our export trade in cotton goods, and Mr. David A. Wells has given repeated and forcible illustrations of its crushing effect upon other departments of manufacturing industry. The statistician of the New York custom house, Mr. J. S. Moore, has called attention to the fact that our yearly manufacturing product had risen from $57.25-100 per capita in 1860 to $111 per capita in 1870. That the consuming capacity of the country has risen in no such ratio is proved by the deathlike silence of two-thirds of our iron furnaces, by the moribund state of our woolen industry, by the break-down of our coal companies, by the distress of nearly all classes of operatives, and by the activity of the sheriff and auctioneer in all our manufacturing centres. That the country was able to use manufactured goods to the amount of $111 per capita in 1870 is true, but it was not able to pay for them, and when the dispensation of credit came to an end, and the tide of surplus rolled back upon the producers, they were smothered in their own honey.

I hold it to be too well established for argument that the manufacturing capacity of this country, especially in the iron, woolen, and cotton trades, is far in excess of our domestic needs, and that a market must be found abroad for the overplus, or else the existing paralysis

and misery will continue indefinitely. Just now we are told that large crops are being harvested in the West, and that when they come forward we shall have better times. Large crops in the West, if fair prices are obtained, will be good for the west—good for the producers, the carriers, and the dealers—and will enable them to increase their purchases of manufactured goods to some extent if they choose to do so; but since the condition of the agricultural classes of the west has not been markedly distressing during the last three or four years, I do not anticipate any notable *increase* of purchases in that quarter, however favorable the harvest may be, or however steady the foreign demand for our breadstuffs. That our real and pressing need is access to the markets of the great world is recognized by an increasing number of those who are classed as protectionists. The demand for such an outlet is met with in the press almost daily, and is not infrequently echoed by our statesmen. Not long since the Speaker of the House of Representatives addressed a letter to certain citizens of Galveston, Texas, directing their attention to the recondite fact that while the countries south of us on the American continent have a foreign trade amounting to $520,000,000, only $112,000,000 of it comes to the United States, and of this fraction only $37,000,000 is carried in American vessels. Mr. Randall considers this fact discreditable to our enlightenment, and so far I agree with him.

The same subject has been treated in a more elaborate manner by the Secretary of State in an "interview"

published in the Philadelphia "Press." The Secretary observes that of our 714 iron furnaces, 478 are out of blast, representing an idle capital of $100,000,000. The pressing need of the country, he says, is a foreign market for the surplus products of our manufactories. But he adds that "what we want is not protection or free trade, but full trade." Since any ideas put forth by so eminent a logician as Mr. Evarts will be spread far and wide, it becomes necessary to note the distinction he draws between free trade and full trade. The latter he considers wholesome, but the former pernicious. Now, in the domain of commerce protection and restriction are interchangeable terms, meaning exactly the same thing, while free trade signifies the opposite. Consequently the idea which the Secretary has clothed in such politic phraseology is that what we want is not trade without shackles, but plenty of trade with plenty of shackles. What we want in a swift runner is not freedom of limbs, but a high rate of speed with his feet in a sack. Alas, Mr. Evarts, the conditions of full trade are those of free trade—the freer the fuller, and the fuller the freer. You can have a little more foreign trade by taking off a few restrictions, and you can have much more by taking off many restrictions.

The Secretary proceeds to say that he will instruct our diplomatic and consular officers to inquire into the wants of foreign countries, with a view to the development of a market for American products, and that he hopes to do something useful through trade conventions.

Let us thankfully accept any information coming through consuls and ministers which has escaped the notice of merchants, and which may lead to the opening of new markets, but let us not depend upon it for speedy relief. Trade conventions, otherwise called reciprocity treaties, are doses of free trade taken here and there, and are supposed to be consistent with very pronounced views on the subject of protection. If I understand the views and feelings of free-traders in this country, they are not disposed to quarrel with anybody as to phrases and the names of things, nor to fight over again the battles of the past. While preferring free trade on the large scale, they are willing to take it in parcels, provided public rather than private interests are consulted in the adjustment. I took pains a few years ago to visit Washington and spend some time in the vain effort to secure the ratification of a reciprocity treaty with Canada, which, while advantageous to the United States and therefore deserving of adoption independently of any other fact, would have been accepted by Canada in lieu of all claims for fishing privileges under the treaty of Washington. I mention this by way of notifying gentlemen of the protectionist bias, that I have no opposition to offer to trade conventions *per se*. A reciprocity treaty was concluded with the Hawaiian Islands last year, where public revenue was sacrificed to private gain in a most objectionable manner, showing how important it is that legislation on the subject of trade should receive its first consideration in the presence of

the people, rather than in the private correspondence of the Executive, and the secret sessions of the Senate. But free trade has no objections to offer to commercial treaties in the abstract; on the contrary, welcomes them as tentative steps to a treaty with the whole family of man.

III.

IN what way will our foreign trade be promoted by striking off or lowering protective duties? How are markets to be found abroad for the surplus of our manufactories by overhauling the tariff? Since a protecting duty is an obstacle to foreign trade, and has no other design or purpose, the repeal of it is the removal of an impediment like the dredging of a sand bar which stops up the harbor. Then if there be any commerce in the wide world desiring to come in, it can come, and if there be none, nobody is harmed. If any comes in, something will necessarily go out to pay for it, and since the foreign country will not take greenbacks, it must necessarily take the products of our industry. There is no danger of foreign countries taking more of our railroad bonds in exchange for their goods, nor with money at four per cent. interest at home, is there likely to be any further large export of our national securities. Consequently whatever we buy from abroad we must pay for with our products, our industry, our employment. All this is simple enough. It is equivalent to saying that

where you buy you must also sell. The converse is equally true, that where you would sell, there you must also buy. If you would sell largely to South America, you must buy largely from her. The buying will push on the selling, and the selling the buying. If you would sell largely to the world, you must buy largely from the world. There is no mystery here. It is all the A B C of commerce.

As to manufactures in particular, or rather that class of manufactures which are non-exportable by reason of their cost, it is to be observed that protection, which usually begins by imposing duties on a few articles just to give them a start, always enlarges its sphere and takes in other articles, till presently the advantage intended to be given to the first recipients is neutralized, or perhaps more than neutralized, by duties on their tools and materials. Parasites fasten upon them, and smaller ones upon these, according to the well-known ditty, *ad infinitum*. The woolen manufacturer asks for his little bounty and gets it; then the wool grower asks for his; and then the maker of looms and spindles asks for his; and then the compounder of dye stuffs and chemicals asks for his; and then the lumberman, the nail maker, the coal miner, the glass blower, the soap boiler, and a whole battalion of tramps come along, begging for broken victuals at the expense, more or less, of the woolen manufacturer. No wonder he grows haggard year by year, and finally reaches the state of imbecility where he and his tormentors come together and vow that they will never

abandon each other or the system whereby they have collectively turned out so much pauper labor, and lost so much money. He sees the British manufacturer getting his wool, his machinery, his dye stuffs and chemicals, and everything else free of duty, and pouring into the United States no inconsiderable quantity of woolen goods over the top of a seventy per cent. duty. With this frightful spectacle before him, he says to his fellow members at their annual meeting: "We are almost starved to death now: what *would* become of us without the tariff?" Substantially the same is the coward ejaculation of all the protected classes, although a few, the manufacturing chemists for instance—the quinine, calomel, and castor oil convention—have expressed their willingness to cease taxing the sick if other trades will cease taxing the chemists. They will consent to a lightening of burdens all around, but not to a special exemption of invalids. I agree with them in the hope that the relief may extend to crippled industries as well as to the patients in our hospitals and sick rooms.

Now I make the broad assertion that *this country is too large for protection.* Whatever it may have been in times past—and while cherishing my own views in that behalf, I shall not seek to prolong or embitter the controversy by holding out any red flag to those who consider our manufacturing development due to the protective system—we have now too much capital, too much skill, too great natural resources, too much labor, and too many idle furnaces and factories, to furnish the

basis for the longer continuance of this system. In the matter of coal, which is the principal factor of both manufacturing and maritime power, we stand toward Great Britain in the ratio of 37 to 1. That is to say, we have, according to the careful computations of Professor Rogers, thirty-seven times as much of this powerful and indispensable ingredient of manufacturing prosperity available to our purposes as England has. The facilities for mining and delivering coal exist here in as great perfection as in any other country, and the price of coal is lower in New York than in London, lower in Philadelphia than in Manchester, lower in Pittsburgh than in Sheffield. The ores of iron, which may be called the next great element of manufacturing and maritime strength, are found here in such boundless profusion and variety, and so admirably situated with reference to smelting, that the producer is puzzled by the very abundance of the advantages offered to him. Our food-producing powers are so much greater than those of our competitors that our grain and meat will bear twelve hundred miles of inland transportation and handling, and three thousand miles of water carriage, and still leave a profit to the grower. As regards cotton, timber, petroleum, salt, copper, zinc, naval stores, and the precious metals, what country, or what section of the earth's surface, furnishes so profuse a display? It would not be far out of the way to say that the United States of America contain greater natural resources available to the hand of man

than all Europe combined. What gorgon is it then that forbids us to compete boldly with Europe as a manufacturing power, not only in our own markets, but in the four quarters of the globe?

Perhaps I shall hear some voice piping, from long force of habit, the abused words, "pauper labor of Europe." Well, our resources in the way of pauper labor are quite equal to our other resources, I think, and no whit inferior to those of England. I have not taken the trouble to inquire into the nominal rates of wages in the two countries, because such inquiries lead to no satisfaction. The cost of living, the efficiency of the labor performed, and the nearness of markets, are all elements to be taken into account in determining what wages the manufacturer can pay, or the laborer exact. But on the score of pauper labor I am sure no great manufacturing country can claim much preëminence over us at the present time, and I dismiss the argument drawn from the "pauper labor of Europe" as too pitiful to be dealt with except in the way of sarcasm, and too painful even for that.

Nor can anybody affirm that we are at any disadvantage as regards accumulated capital, with $100,000,000 of capital lying dead in iron furnaces alone. Surely no capital can be cheaper than that, since the cost of lighting the fires is the only expenditure needed to set up the business. With money at four per cent. interest on Government loans, and four and a half to six on mercantile paper, it is safe to assume that it is not want

of capital that stands in our way. But the plethora of idle capital, it may be argued, so unusual, so unheard of in this country, must be a temporary circumstance. I hope so indeed, and in order that it may be so I insist that markets must be found for its employment outside the forty millions of our own people, and among the thousand millions of the habitable globe.

It cannot be said that we lack manufacturing skill, and that the clumsiness of our artisans must be supplemented and offset by protecting duties. The testimony of foreign commissions, judges, and experts at the Philadelphia Exposition is nearly unanimous in praise of the dexterity, ingenuity, versatility, and economy of our exhibitors. The inventive genius of our people is proverbial, and it may safely be said that no country is doing more to enslave the elements and bid the forces of nature toil for man than ours. "It would be foolish," says the report of the British Commissioner, "not to recognize the fact that at Philadelphia, Great Britain was in the face of *her most powerful rival in manufactures.*"

The report of the Swiss Commissioner is in the nature of a lament over the superiority of our artisans, our machinery, our methods, as compared with those of his own countrymen. I venture to add that no American came away from that stupendous museum of industry with the fear that any other nation surpasses us in manufacturing skill, either native or acquired.

IV.

IF, then, we have the natural resources, the capital, and the skill, together with an over-supply of cheap labor, what is it that prevents us from entering into competition as manufacturers with England and western Europe in any market whatsoever? Why do we not remove the self-created impediment to foreign commerce, misnamed protection? It is only a vote in Congress that is needed to remove it. This is all that is required to dredge the legal sand bars out of all our harbors. Not a dollar of money is wanted from the national treasury, or elsewhere. On the contrary, much money might be saved by dispensing with protection. Why do we not sweep it off the statute-book, or at all events commence paring it down, with a view to a tariff for revenue only? Many months ago I ventured the opinion* that freedom of trade was one of the main conditions of a revival of business in the United States. I now go further, and say that it is the condition *sine qua non*—the indispensable necessity, in comparison with which all the currency panaceas going, metallic and non-metallic, are quack medicines and nostrums. Nobody can deprecate more earnestly than myself the evils of an irredeemable currency, but for reasons already stated, I do not think that the currency either brought on the crisis or keeps it on. The worst evil of an irre-

* In the "Fortnightly Review," June, 1876.

deemable currency is the ever-present fear that it may be arbitrarily increased in volume—that the blind Cyclops of popular ignorance may in his anguish force an equally blind Congress to multiply bits of paper upon us, under the delusion that the country will then be able to consume more coal, and iron, and cloth, and hence to pay better wages than before. I hold it to be likewise a delusion, though a harmless one, to suppose that altering our medium of exchange from paper to coin will increase the quantities of things exchanged. We are exhorted to believe that it will restore confidence, and induce capitalists to embark in new enterprises. New enterprises mean, of course, new or further production of things to be sold, used, and consumed. But it happens that capitalists are already producing more of these things than can be sold, used, or consumed, and when any new demand springs up capital makes small difficulty of supplying it on account of the currency. It is most desirable on other grounds that coin payments should be restored, but the expectation which so many indulge that specie resumption will charm away these hard times, is not well founded.

The reason why we do not abandon the doctrine of protection is probably explained by a national trait, which the latest foreign commentator on our character and institutions has pointed out. Dr. Von Holst says that when Americans have once accepted a doctrine as true, they cling to it long after its falsity has been demonstrated. Perhaps we are not the only people of

whom this may be said. It was a favorite idea of Jefferson's administration to humble England by laying an embargo on our own commerce. As England sought to cripple and restrict our foreign trade by her Orders in Council, we thought it would be wise to extinguish it entirely by our own act. This was one of the doctrines accepted as true by our ancestors, and accordingly adhered to long after bankruptcy had ravaged our seaports, and not abandoned till hunger and despair scourged them from it. A protective tariff is a lesser embargo, and it may be that more bankruptcy, more hunger, and new riots will be needed to uproot the deep prejudices which cluster around it. In some quarters pride of opinion is to be overcome, in others the inveterate cowardice which protection engenders stands in the way. Some trades are enabled to monopolize the domestic markets by means of the tariff, and sell their surplus to foreigners at lower rates than they charge home consumers. Others, by dint of superior *finesse*, have gained advantages over their fellows in the tariff legislation, which they are not willing to exchange for any thing they can see in foreign trade, however prosperous. Then there are trades not suited to the country, which have been forced into a dropsical, hydrocephalic growth by enormous duties—trades in which the producer and the smuggler wage a never-ending contest, and where the laborer is most commonly on a strike. All these may be expected to resist any change in a system ruinous to the country and eventually to themselves. Nev-

ertheless the forces of gaunt penury are working for free trade among us as they did in England before Robert Peel abandoned protection. I hold it historically true that Great Britain learned the lesson of free trade, not through her head, but through her stomach. Her Adam Smiths and her Huskissons educated the few, but famine was the schoolmaster of the million. The mighty pressure of our resources, our idle capital, our unemployed labor, is bearing down upon the wall erected against foreign trade. It will burst that barrier ere long, and it is for the protected classes to say whether the work shall be done with their consent and assistance, or in the face of their opposition.

If anybody can show how else our industrial condition is to be improved—how else than by selling our surplus in foreign countries and by consequence taking our pay in the products of foreign countries—let him expound the process. Many hazy devices are offered for our acceptance, but when subjected to the test, How will this plan cause the American people to consume more than they do now, so that the surplus of our mills, mines, and factories shall find a market? they are shown to be visionary and delusive. It may be asked, How will free trade enable foreigners to consume more of our products than they do now? I answer, by furnishing them at less cost, less by the amount of the taxes levied upon them directly and indirectly under the tariff. But if free trade should *not* enable foreigners to buy more of our products, we could not buy more of theirs; there-

fore no harm would be done. "But there would be an immediate inundation of foreign goods," says some protected manufacturer. Let us not forever argue in a circle. It has already been shown that we have all the conditions requisite for competing successfully with other manufacturing countries. The only point in which we differ from them is in the multiplicity of taxes and artificial burdens that we impose upon ourselves under the name of protection. Strike off these taxes, remove these burdens, make revenue the sole object of the tariff, then, if there be any industry still alive which cannot hold its own, there will be the best grounds for believing that it is not adapted to the country, that it is an exotic and a parasite, and so let it perish; we shall be better off without it. If the protected classes cannot assist in the work of tariff reform, if they would rather lie where they are, "till famine and the ague eat them up," the country, I am persuaded, will nevertheless take it up without their help, and without much delay.

The suggestion has been thrown out by interested parties and maintained with considerable force in the lobbies of Congress, that new markets should be opened by subsidies from the national treasury to new railway and canal companies. The construction of these railways and canals, it is alleged, would create a demand for iron, timber, and labor, and "set the wheels of industry in motion." This is one of the half-truths with which impudence commonly arms itself when it goes to Washington to get something it ought not to have. The

burning of the Pittsburgh depots, cars, round houses, and machine shops will create as much demand for iron, timber, and labor, in order to replace what has been destroyed, and will set as many wheels of industry in motion as the building of two hundred miles of new railway. The burning of Chicago, a few years ago, furnished more employment than the whole of the Texas and Pacific railway could supply, even if it were subsidized to the full measure of its projectors' wishes. But as nobody would think of burning up property in order to create a demand for labor, or of engaging in unprofitable and unnecessary work for that end, the argument for subsidies from Congress, based upon the need of helping the suffering and prostrated iron workers, is fatally defective. There are many reasons for refusing to vote such subsidies, but the only one appropriate to be considered here is that the relief ends when the subsidy ends. Some few wheels of industry will revolve as long as the artificial stimulus lasts, and then they will cease to turn, and the silence will be profounder than before. Not so with the remedy which looks to the four quarters of the globe for a market, and which builds up its own demand by offering a market in return to the endless family of man. We offer a self-sustaining remedy which costs not a dollar.

It may be asked, Why is it that Great Britain, which enjoys free trade, is, like ourselves suffering from severe commercial depression? What reason is there to suppose, looking at her condition, that we should be

any better off if we too should adopt free trade? I have already stated that commercial crises come upon countries regardless of their tariffs or their currencies. They are the products of speculation, inflated prices, miscalculation, erroneous comparison of the values of things with the value of money. When they come they upset nearly all business arrangements whatsoever, cause nearly everybody to economize, restrict the demand for commodities to the narrowest limits, and throw people out of employment. This may happen under a high tariff or a low one, or under no tariff at all. But when it does happen, which country has the better chance for recovery—the one which is restricted, as much as the law can restrict it, to a home market of forty millions, or the one which is encouraged and accustomed to trade with every human being on earth? It is needless to answer this question on *a priori* grounds. We are already informed officially that English pauperism is decreasing—that it has decreased materially during the past year. Is any one bold enough to say that ours has not increased during the same time? Yet the British Islands, scarcely larger in area than the States of New York and Pennsylvania, and not more richly endowed by nature, though pestered by land monopoly and many crippling old-time prejudices that we know nothing of, sustain a population of thirty-two millions of people—three-fourths that of our entire country. The timidity which protection breeds will naturally exclaim that Great Britain has already mon-

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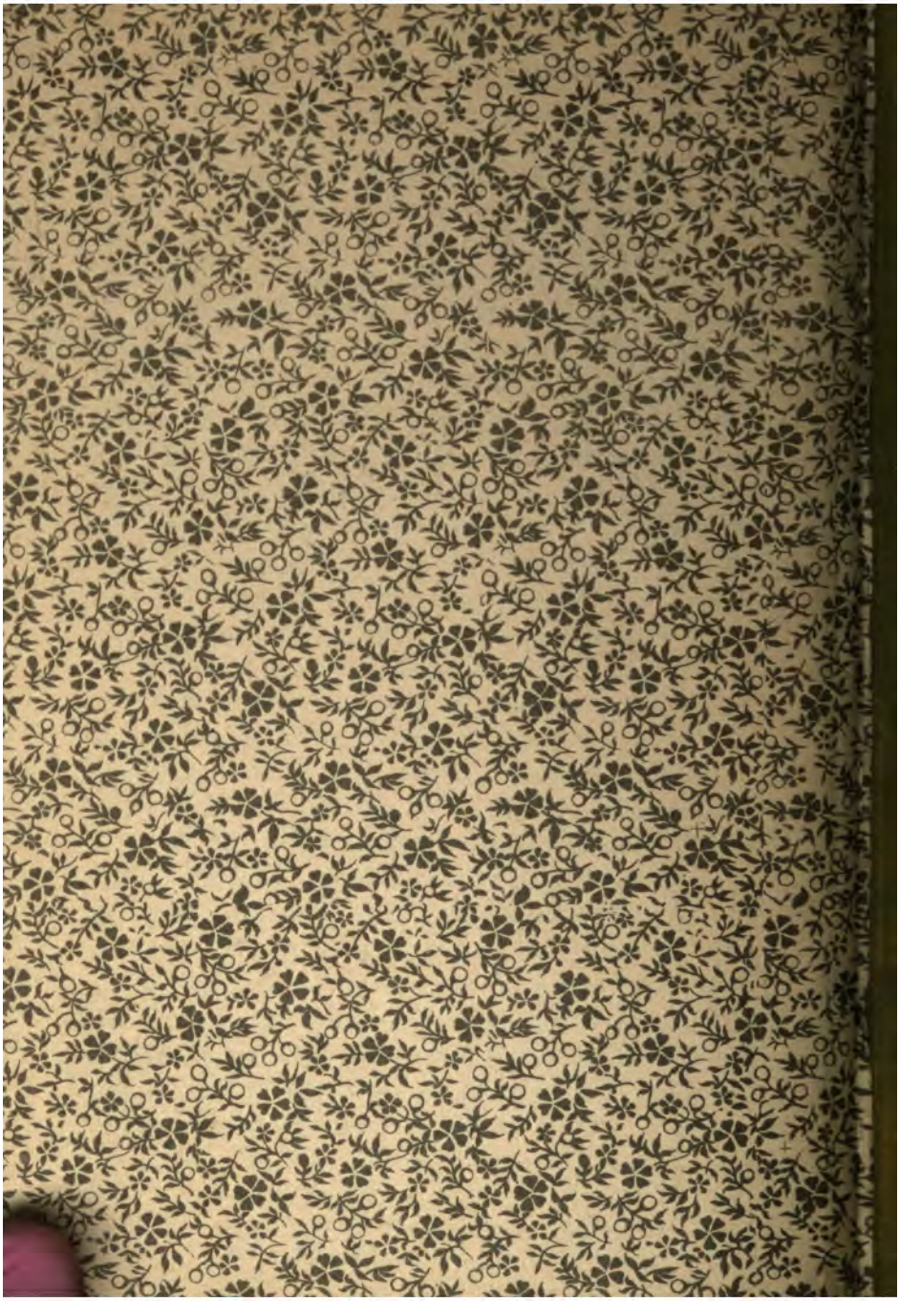
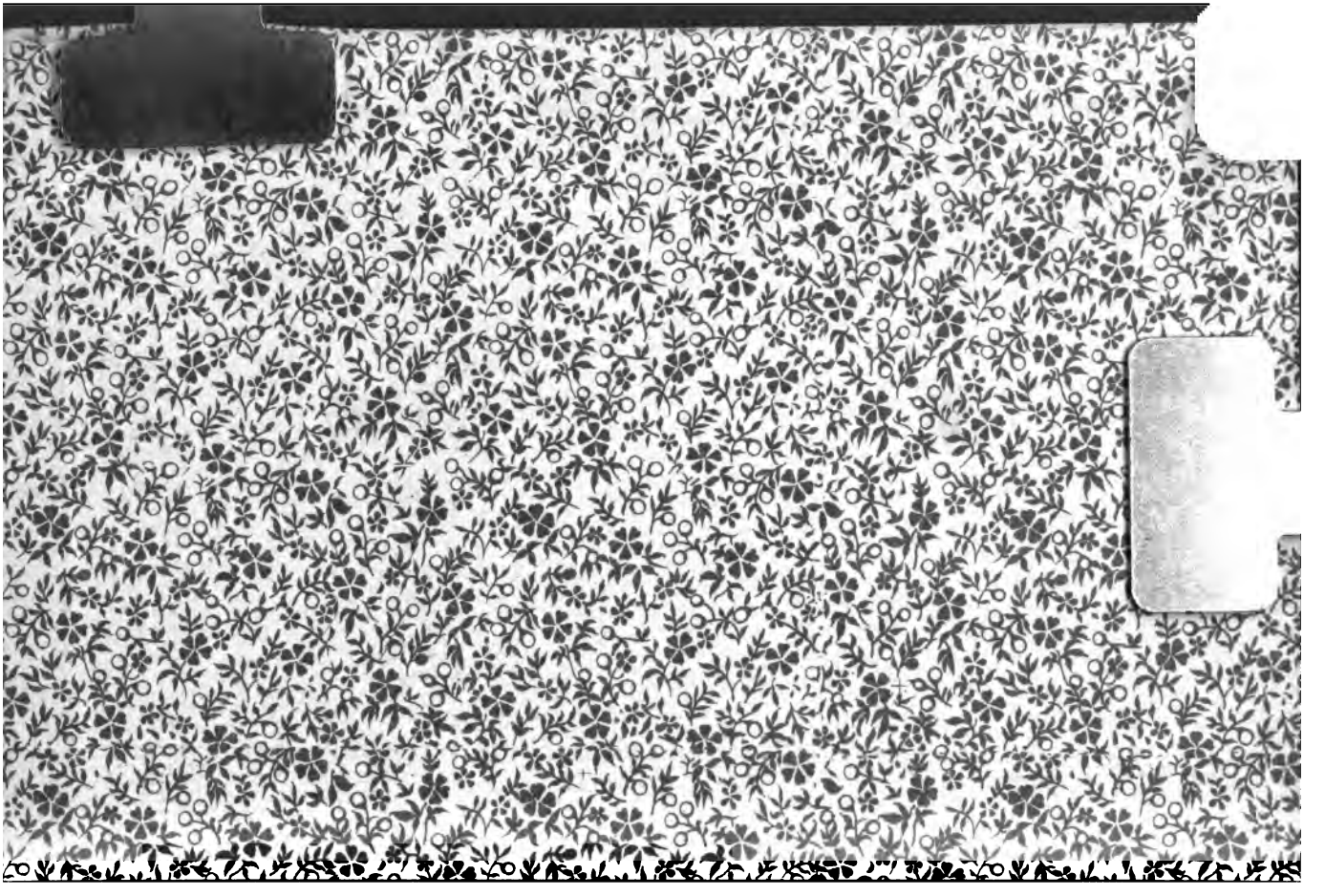
opolized the markets of the world, and that it is of no use for us to contest their possession with her; but with the example of American cotton goods selling at Manchester—an example which protectionists are fond of parading as a vindication of their theories—the public may reasonably conclude that we can compete with her in Asia and South America, or even in Iowa and Minnesota. But the advantages we seek are not merely those of successful competition with other countries in producing the same things which they produce. Still greater benefits are to be obtained by the free exchange of commodities which we can produce at least cost, for those which other countries can produce at least cost—as for instance, the exchange of American cutlery for East Indian jute, or American wagons for South American wool, or American sewing machines for English tin, or American locomotives for Russian hemp. Upon all or most of this species of trade, the manacles of the tariff have likewise been loaded—whether ignorantly or designedly makes no difference.

In conclusion, I repeat, this country is too large for protection. Its resources, both natural and acquired are swelling with the pains of a giant against the artificial barriers which now close them in. That they will soon burst their bonds and find their outlet and satisfaction in freedom of trade, either with the help and consent of the protected classes, or spite of their resistance, is my confident expectation.